

Message Text

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PAGE 01 VIENNA 08238 131717Z

ACTION OES-09

INFO OCT-01 EUR-12 EA-10 ISO-00 SS-15 SAS-02 SP-02

PA-01 INR-10 INRE-00 PM-05 NSCE-00 DODE-00 CIAE-00

NRC-05 DOE-15 SOE-02 DOEE-00 SSO-00 /089 W

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INFO USLO PEKING

S E C R E T VIENNA 08238

USIAEA

E.O. 11652: GDS

TAGS: IAEA, TECH, FR, CH

SUBJECT: FRENCH REACTOR SALE TO PRC

1. DURING GERARD SMITH'S MEETING WITH JACOMET ON SEPTEMBER 11, MFA NUCLEAR DEPARTMENT HEAD LOUET RAISED PROPOSED FRENCH REACTOR SALE TO PRC. HE SAID THAT IN A FEW DAYS FRENCH WOULD GIVE US ADDITIONAL INFORMATION ON THE AGREEMENT FRANCE WOULD PROPOSE TO CONCLUDE WITH THE PRC. WHILE FINAL APPROVAL BY LOUET'S SUPERIORS IS NOT YET IN HAND, THE GENERAL SCOPE OF THE INFORMATION LOUET EXPECTS TO PROVIDE IS AS FOLLOWS. FRANCE WILL SEEK FROM THE PRC:

A. A COMMITMENT TO PEACEFUL AND NON-EXPLOSIVE USE COVERING ALL MATERIALS IN THE REACTOR.

B. GUARANTEES ON CONFIDENTIALITY, "REPLICATION" AND TRANSFER TO THIRD PARTIES.

C. PHYSICAL SECURITY GUARANTEES OF THE LONDON SUPPLIERS GROUP.

SECRET

SECRET

PAGE 02 VIENNA 08238 131717Z

D. AGREEMENT ON THE RIGHT OF THE FRENCH GOVERNMENT TO DESIGNATE PERSONS TO BE PRESENT AT THE REACTOR "TO CHECK THE EXECUTION OF THE CONTRACT." LOUET SAID SUCH PERSONS WOULD IN EFFECT BE INSPECTORS WHO WOULD, FOR EXAMPLE, BE PRESENT WHEN THE FUEL WAS LOADED TO INSURE THERE WAS NO DIVERSION. FRAMATOME

WOULD ALSO HAVE THE RIGHT TO DESIGNATE PERSONS TO BE PRESENT FOR COMMERCIAL REASONS AND TO PROVIDE TECHNICAL ASSISTANCE. BUT THE FRENCH GOVERNMENT'S DESIGNEES WOULD BE IN ADDITION TO THE COMPANY'S.

2. SMITH SAID THE US WOULD WELCOME THE ADDITIONAL INFORMATION AND SAID THE US WOULD SHORTLY SUBMIT A LIST OF FURTHER QUESTIONS ON SAFEGUARDS AND TECHNOLOGY. THE US WOULD APPRECIATE AS DETAILED ANSWERS AS POSSIBLE TO FACILITATE THE US DECISION. THE SAFE-GUARDS PROVISIONS WERE IMPORTANT TO COUNTER CRITICISM THE PRC WAS BEING GIVEN FAVORED TREATMENT COMPARED TO INDIA, FOR EXAMPLE. THE TECHNOLOGY QUESTIONS WERE DESIGNED TO PERMIT AN ASSESSMENT OF ANY IMPLICATIONS OF THE TRANSFER FOR NAVAL PROPULSION SYSTEMS.

3. LOUET SAID HE WOULD STUDY THE QUESTIONS CAREFULLY. HE WANTED TO REMIND THE US THAT THE TRANSFER WOULD BE ON A TURNKEY BASIS, REDUCING THE RISK OF THE PRC ACQUIRING SENSITIVE TECHNOLOGY. LOUET SAID THE REACTOR'S SPENT FUEL WOULD BE RETURNED TO FRANCE. SMITH

NOTE BY OC/T: DISTRIBUTION CO-ORDINATED WITH S/S-O MS. ROBINSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, NUCLEAR REACTORS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978VIENNA08238
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780372-0854
Format: TEL
From: VIENNA USIAEA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780969/aaaacfaz.tel
Line Count: 84
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e978b350-c288-dd11-92da-001cc4696bcc
Office: ACTION OES
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1441100
Secure: OPEN
Status: NATIVE
Subject: FRENCH REACTOR SALE TO PRC
TAGS: TECH, FR, CH, US, UK, IAEA, (SMITH, GERARD), (JACOMET, ANDRE)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e978b350-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014